

Message Text

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ORIGIN EB-07

INFO OCT-01 EUR-12 EA-06 IO-10 ISO-00 FEA-01 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-07 INT-05

L-02 LAB-04 NSAE-00 NSC-05 PA-01 RSC-01 AID-05

CIEP-01 SS-15 STR-01 TAR-01 TRSE-00 USIA-06 PRS-01

SP-02 OMB-01 SAJ-01 /106 R

DRAFTED BY EB/OT/TA: WBARACLOUGH:STR:WKELLY:LPP

APPROVED BY EB/ITP:MWGLITMAN

EUR/RPE:EPREEG

TREASURY:JRAY

COMMERCE:FABBUHL

STR:WKELLY

LABOR:BWHITE

AGRIC/USDA:GFRAZER

EB/ORF/FPD:CBILLO

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P R 300012Z JAN 75

FM SECSTATE WASHDC

TO USMISSION EC BRUSSELS PRIORITY

AMEMBASSY BONN PRIORITY

AMEMBASSY BRUSSELS PRIORITY

AMEMBASSY COPENHAGEN PRIORITY

AMEMBASSY DUBLIN PRIORITY

AMEMBASSY THE HAGUE PRIORITY

AMEMBASSY LONDON PRIORITY

AMEMBASSY LUXEMBOURG PRIORITY

AMEMBASSY PARIS PRIORITY

AMEMBASSY ROME PRIORITY

INFO USMISSION GENEVA

USMISSION OECD PARIS

AMEMBASSY OTTAWA

AMEMBASSY TOKYO

AMEMBASSY WELLINGTON

AMEMBASSY CANBERRA

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E.O. 11652: N/A

TAGS: ETRD, EC, GATT

SUBJECT: MTN AND AGRICULTURE

REF: (A) EC BRUSSELS 784; (B) STATE 02100;
(C) WELLINGTON 219

1. WE WELCOME INDICATION REPORTED REF (A) THAT EC SHARES OUR CONCERN RE ADVERSE IMPACT ON MTN AND INTERNATIONAL ECONOMIC CLIMATE OF A CONFRONTATION OVER QUESTION OF ROLE OF AGRICULTURE IN MTN. WE ARE PLEASED COMMISSION IS ENCOURAGING TACTICAL FLEXIBILITY. HOWEVER, WE DO NOT SEE HOW THIS ISSUE CAN BE AVOIDED BY A TEMPORARY SOLUTION DESIGNED ONLY TO GET US PAST THE FEBRUARY TNC MEETING. INDEED WE DOUBT IT IS POSSIBLE TO FORMULATE A TACTICAL ARRANGEMENT WHICH DOES NOT RISK A STALEMATE IN THE NEGOTIATIONS. ANY FORMULA DESIGNED TO GET THE WORK UNDERWAY WOULD GIVEN BASIC US AND EC POSITIONS HAVE TO COME TO GRIPS WITH THE AGRICULTURE ISSUE. MOREOVER, OTHER COUNTRIES ALSO HAVE AN INTEREST IN THIS SUBJECT, ARE RESENTFUL THAT THEY WERE EXCLUDED FROM TEMPORARY COMPROMISE REACH LAST JANUARY, AND WILL IN ALL LIKELIHOOD INSIST ISSUE BE DISCUSSED AT TNC.

2. MISSION BRUSSELS SHOULD RELAY TO SOAMES OUR WILLINGNESS TO WORK OUT SATISFACTORY SOLUTION TO THE AGRICULTURE ISSUE BEFORE THE TNC MEETING. WE ARE FULLY PREPARED TO

BE FLEXIBLE BUT SOAMES SHOULD UNDERSTAND THAT WE CAN NOT ACCEPT A COMPROMISE WHICH EITHER (A) RESULTS IN A DELAY OR STALEMATE IN THE NEGOTIATIONS OR (B) SEPARATES AGRICULTURE FROM THE REST OF THE NEGOTIATIONS IN ONE EXCLUSIVE BODY. ON OUR SIDE A COMPROMISE FORMULA MUST CONFORM TO REQUIREMENT OF SECTION 103 OF THE TRADE ACT WHICH SAYS THAT "TO THE MAXIMUM EXTENT FEASIBLE THE HARMONIZATION, REDUCTION, OR ELIMINATION OF AGRICULTURAL TRADE BARRIERS AND DISTORTIONS (BE) UNDERTAKEN IN CON-

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JUNCTION WITH THE HARMONIZATION, REDUCTION, OR ELIMINATION OF INDUSTRIAL TRADE BARRIERS AND DISTORTIONS." WE ARE WILLING TO WORK OUT SUCH A COMPROMISE AND BELIEVE TRADE ACT GIVES US SUFFICIENT FLEXIBILITY TO DO SO IF EC IS ALSO FLEXIBWE.

3. SUCH A COMPROMISE NEED NOT PREJUDICE THE POSITION OF EITHER SIDE. WE WOULD, FOR EXAMPLE, BE PREPARED TO

AGREE TO A COMPROMISE WHICH, WHILE PROVIDING FOR INCLUSION OF AGRICULTURE AND INDUSTRY TOGETHER IN OVERALL TARIFF AND OVERALL NONTARIFF GROUPS, WOULD ALSO PROVIDE FOR THE FORMATION OF STUDY GROUPS TO LOOK AT CERTAIN PRODUCTS - INDUSTRIAL AS WELL AS AGRICULTURE. THE PURPOSE OF SUCH STUDY GROUPS WOULD BE TO ISOLATE AND EXAMINE THE SPECIAL CHARACTERISTICS OF SUCH PRODUCTS AND DETERMINE WHAT SPECIAL TREATMENT, IF ANY, IS REQUIRED. WE WOULD WELCOME AND ARE PREPARED TO DISCUSS ANY IDEAS THE EC MAY HAVE.

4. YOU SHOULD TELL SOAMES THAT WE ARE PREPARED TO WORK WITH AND THROUGH HIM AND WOULD HOPE TO HAVE BY MONDAY, FEBRUARY 3 AN INDICATION OF HIS WILLINGNESS TO SEEK A SOLUTION TO HIS PROBLEM WITHIN THE EC AND HIS ASSESSMENT OF WHAT THE PARAMETERS ARE ON THE EC SIDE. YOU SHOULD REASSURE HIM WE WILL MAKE EVERY EFFORT TO KEEP THIS ISSUE OUT OF THE PRESS. HE SHOULD BE INFORMED, HOWEVER, THAT WE HAVE INSTRUCTED OUR POSTS IN EC CAPITALS TO BRING THIS ISSUE TO THE ATTENTION IN A GENERAL WAY OF EC MEMBER STATES AND TO URGE THAT THEY BE FLEXIBLE AND RESPONSIBLE TO OUR ATTEMPT TO SEEK A SOLUTION.

5. FOR OTHER ACTION ADDRESSEES: IF YOU HAVE NOT ALREADY DONE SO, YOU SHOULD MAKE APPROACH AS INSTRUCTED IN REF (B) LIMITING YOUR APPROACH TO THE NEED FOR FLEXIBILITY ON THE PART OF THE EC. IF ASKED, YOU MAY SAY THAT WE ARE DISCUSSING THE ISSUE WITH THE COMMISSION, BUT YOU SHOULD NOT GO INTO DETAILS.

6. FOR WELLINGTON AND CANBERRA: YOU SHOULD MAKE NO APPROACH TO NEW ZEALAND OR AUSTRALIAN GOVERNMENT AT THIS

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TIME. KISSINGER

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